



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES' CONSIDERATION OF THE TAX CUTS AND JOBS ACT OF 2017	)	DECISION AND ORDER
	)	APPROVING STIPULATION
	)	
	)	DOCKET NO. AX18010001
IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL OF A CHANGE IN RATES, CUSTOMER REFUND AND RIDER ASSOCIATED WITH THE TAX CUTS AND JOBS ACT OF 2017	)	AND
	)	
	)	DOCKET NO. GR18030230

**Parties of Record:**

**Stacy Mitchell, Esq.**, for South Jersey Gas Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Decision and Order, the New Jersey Board of Public Utilities ("Board" or "BPU") considers a Stipulation of Settlement ("Stipulation") entered into by South Jersey Gas Company ("SJG" or "Company"), the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, "Parties") which seeks to resolve all issues related to this matter.

**BACKGROUND**

By Order<sup>1</sup> ("Generic TCJA Order") dated January 31, 2018, the Board directed affected utilities<sup>2</sup> to file petitions proposing new rates reflecting the impacts from the Federal Tax Cuts and Jobs Act ("2017 Act") signed into law on December 22, 2017. The effective date of the 2017 Act was January 1, 2018. The 2017 Act set forth changes to the Federal Internal Revenue Tax Code ("Tax Code"), including a reduction in the maximum corporate tax rate from thirty-five percent (35%) to twenty-one percent (21%). The Board is charged with the authority to ensure that the regulated utilities' rates charged to ratepayers are just and reasonable. When the

<sup>1</sup> See In re the New Jersey Board of Public Utilities Consideration of the Tax Cuts and Jobs Act of 2017, BPU Docket No. AX18010001 (January 31, 2018).

<sup>2</sup> The affected utilities are investor owned gas, electric, water and wastewater companies under the jurisdiction of the Board. In addition, affected utilities shall be those with 2017 revenues equal to or greater than \$4.5 million.

Board sets rates in base rate cases and in certain annual/periodic clauses, utilities are permitted to gross up their revenue requirement as well as set other rate factors, including, the accumulated deferred income tax, based on the then existing thirty-five percent (35%) corporate tax rate.

The Board issued the Generic TCJA Order which set all affected utility rates as interim and established a proceeding to consider the implications of the 2017 Act. Based upon the Board's review of the 2017 Act, the Board found in its Generic TCJA Order that the changes to the Tax Code will provide savings to the affected utilities and will result in an over-collection of tax revenue by the affected utilities that will not be paid in federal income taxes. The affected utilities were required to file amended tariffs reflecting a reduction in rates resulting from the reduction in the corporate tax rate effective April, 1, 2018, as well as a plan to address other rate factors and to refund any over collection in rates. The Generic TCJA Order also set February 20, 2018 as the deadline for filing of motions to intervene or participate.

### **SJG FILING**

On March 2, 2018, the Company filed its petition pursuant to the Generic TCJA Order, including proposed tariffs as well as a proposed plan. Specifically, SJG stated that it planned: (1) a reduction in base rates of \$25.88 million effective April 1, 2018; (2) a corresponding estimated \$12.88 million refund to customers for the period January 1, 2018 through March 31, 2018 for the corresponding rate adjustment (including interest at the Company's short-term debt rate and (3) a re-measurement and adjustment to rates related to the "Unprotected" excess deferred income taxes of approximately \$27.1 million associated with the implementation of the 2017 Act.

SJG's excess deferred income taxes fall into two (2) categories: (1) those restricted to normalization provisions of the 2017 Act (i.e., protected); and (2) those that are not (i.e., unprotected). SJG proposed to leave its protected excess deferred income tax balance in rate base but reclassify the amount as a separate regulatory liability. The Company further proposed to return this regulatory liability to customers over the remaining life of the assets, consistent with the Internal Revenue Service ("IRS") normalization rules. The Company preliminarily estimated the amortization period is up to seventy (70) years; however, SJG had not begun the analysis at the time of the filing. SJG proposed to return the unprotected excess deferred income taxes over a period of ten (10) years through a rider with interest calculated at the monthly short-term debt rate.

Regarding its other clauses, SJG indicated that it is currently reflecting on its books any associated changes to its clauses resulting from the 2017 Act and any changes would be incorporated in SJG's subsequent annual filings associated with each clause.

The Company's proposed tariffs included an across-the-board rate reduction reflecting the reduction in the corporate tax rate from thirty-five percent (35%) to twenty-one percent (21%). As a result, a typical residential gas heating customer using 1,000 therms annually would see a bill decrease of \$73.10 or 5.2%.

By Order dated March 26, 2018, the Board issued an Order approving the implementation of the Company's proposed rate reduction on an interim basis effective April 1, 2018. Pursuant to the March 26, 2018 Order, the Board deferred, until a later date, a decision on the Company's proposed refund and other tariffs riders.

## STIPULATION

Following a review a discovery and subsequent discussions, on September 10, 2018, the Parties executed the Stipulation, which provides for the following:<sup>3</sup>

### A. Base Rate Adjustment

10. SJG shall implement the revised rates, reflected on Attachment A of the Stipulation, effective October 1, 2018. The annual revenue requirement reduction has been allocated to each customer class utilizing the rate design and billing determinants approved in the Company's most recent base rate case in Docket No. GR17010071.
11. The Parties agree that SJG's revised Revenue Factor will be 1.51668 as a result of the 2017 Act.
12. The rates shown on Attachment A of the Stipulation reflect an annual revenue requirement reduction of \$25.88 million. The impact of the rate reduction to a residential heat customer using 1,000 therms annually is a decrease of \$74.02 or 5.2%, from a March 1, 2018 bill.

### B. Refund to Customers

13. SJG shall refund the January 1, 2018 through September 30, 2018 overcollection, including interest accrued at the Company's short-term debt rate, based on the actual customer usage during the corresponding period. The Company will apply the refund to customer accounts effective October 1, 2018, based on the Company's actual customer count and usage data through September 2018.
14. The total rate refund is estimated to be approximately \$13.9 million, excluding SUT, as reflected on Attachment B of the Stipulation. This amount would result in an estimated one-time refund of \$28.63 for a residential heat customer using 525 therms during this period.
15. The Company shall file a report with the Parties and the Board detailing the refund required by the Stipulation within thirty (30) days of the completion of its issuance.

### C. Excess Deferred Income Tax

#### Protected Balances

16. The Company's "Protected" excess deferred income tax balance as of December 31, 2017 is estimated to be approximately \$164.3 million (pre-gross up).

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<sup>3</sup> Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions in this Order. Each paragraph is numbered to coincide with the paragraphs in the Stipulation.

17. The "Protected" excess deferred income tax balance is properly reclassified as a regulatory liability on SJG's books. The reclassification has no effect on rate base for purposes of this filing and any changes will be reflected in future rate cases.
18. This regulatory liability is subject to the IRS normalization rules and will be amortized and returned to ratepayers over a period determined utilizing the Average Rate Assumption Method ("ARAM"). The Company anticipates the ARAM calculation will be completed by March 31, 2019. The estimated amortization period is approximately seventy (70) years.
19. The existing Docket in this matter shall remain open until the Company submits a filing to begin amortizing the "Protected" excess deferred income tax balance over the amortization period determined by the ARAM calculation, no later than March 31, 2019. That filing will also address the final balance of the Company's "unprotected" EDIT, including whether the approximately \$7.1 million for certain COR related EDIT should be categorized as unprotected.

#### Unprotected Balances

20. The Company's "Unprotected" excess deferred income tax balance as of December 31, 2018 is approximately \$27.5 million. This balance is properly reclassified as a regulatory liability on SJG's books. This regulatory liability will be amortized and returned to customers over a five (5) year period through the creation of Rider "H", effective October 1, 2018, with interest at the Company's short-term debt rate.
21. SJG shall implement the initial credit rate of \$0.013043 including taxes, reflected on Attachment C of the Stipulation. This rate will result in a decrease of \$13.04 or 0.9% to a residential heat customer using 1,000 therms annually.

#### D. Other Clauses

22. The impact of the 2017 Act on the Company's other rate clauses, including the deferred balances associated with those clauses, will be captured in SJG's periodic filings, as soon as reasonably possible.
23. The Parties agree that any change in the amounts described above, including rates and refunds, will be addressed in the Company's next base rate case that is required to be filed no later than November 2020.

### **DISCUSSION AND FINDING**

Staff and Rate Counsel have reviewed the Company's filing, exchanged discovery and reached a resolution on all issues in this matter. The one-time refund of \$28.63 is in addition to the revised annual decrease of \$74.02 or 5.2% pursuant to the Board's March 26, 2018 Order. In addition, the typical residential heating customer using 1,000 annual therms will see a \$13.04 decrease in their annual bill related to the unprotected balance being refunded through Rider H. The Stipulation further addresses the other effects of the 2017 Act on SJG's rate base, including protected and unprotected deferred income taxes. Finally, the Stipulation

appropriately provides that additional review of any related refunds and rates may occur, as necessary, in future proceedings.

The Board has reviewed the record in this proceeding, including the petition and the Stipulation. The Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein.

The Board **HEREBY APPROVES** the interim rates set forth in the Board's March 26, 2018 Order in this docket as final, effective October 1, 2018.

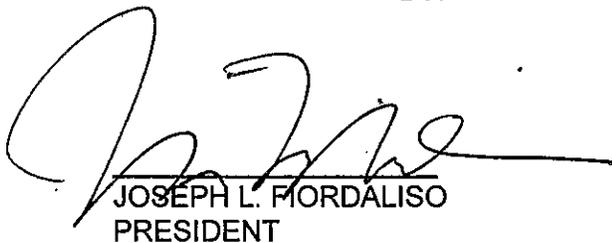
SJG is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order prior to October 1, 2018.

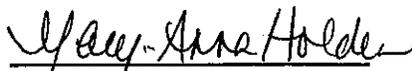
The Company's costs remain subject to audit by the Board. This Decision and Order shall not preclude or prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

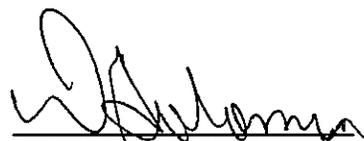
The effective date of this Order is September 27, 2018.

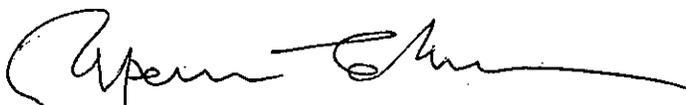
DATED: 9/17/18

BOARD OF PUBLIC UTILITIES  
BY:

  
JOSEPH L. FORDALISO  
PRESIDENT

  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

  
UPENDRA J. CHIVUKULA  
COMMISSIONER

  
ROBERT M. GORDON  
COMMISSIONER

ATTEST:   
AIDA CAMACHO-WELCH  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES' CONSIDERATION  
OF THE TAX CUTS AND JOBS ACT OF 2017- DOCKET NO. AX18010001

AND

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL  
OF A CHANGE IN RATES, CUSTOMER REFUND AND RIDER ASSOCIATED WITH THE TAX  
CUTS AND JOBS ACT OF 2017- DOCKET NO. GR18030230

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Stacy A. Mitchell, Esq.  
Vice President  
Rates & Regulatory Affairs

September 12, 2018

**UPS and ELECTRONIC MAIL**

Aida Camacho, Board Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue, 3rd Floor  
P. O. Box 350  
Trenton, NJ 08625-0350

**Re: In the Matter of the Petition of South Jersey Gas Company for Approval of a  
Change in Rates, Customer Refund and Rider Associated with the Tax Cuts and  
Jobs Act of 2017  
Docket No. GR18030230**

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Dear Secretary Camacho:

Enclosed please find a fully revised executed Stipulation of Settlement in the above-referenced matter. Attachments A through C were inadvertently omitted.

If you have any questions, please feel free to contact me directly.

Respectfully,

A handwritten signature in cursive script that reads "Stacy Mitchell".

Stacy A. Mitchell

SAM:lvk  
Enclosure

cc: Service List

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY  
FOR APPROVAL OF A CHANGE REFUND AND RIDER ASSOCIATED  
WITH THE TAX CUTS AND JOBS ACT OF 2017  
BPU DOCKET NO. GR18030230

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SOUTH JERSEY GAS COMPANY

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**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE NEW JERSEY :  
BOARD OF PUBLIC UTILITIES' : BPU DOCKET NO. AX18010001  
CONSIDERATION OF THE TAX CUTS :  
AND JOBS ACT OF 2017 :**

**IN THE MATTER OF THE PETITION OF :  
SOUTH JERSEY GAS COMPANY FOR : BPU DOCKET NO. GR18030230  
APPROVAL OF A CHANGE IN RATES, :  
CUSTOMER REFUND AND RIDER :  
ASSOCIATED WITH THE TAX CUTS :  
AND JOB ACTS OF 2017 :**

**STIPULATION OF SETTLEMENT**

**APPEARANCES:**

**Stacy A. Mitchell, Esq.**, Vice President, Rates & Regulatory Affairs, for South Jersey Gas Company ("Petitioner")

**Brian Lipman, Esq.**, Litigation Manager, **Felicia Thomas-Friel, Esq.**, Deputy Rate Counsel, and **Henry M. Ogden Esq.**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (**Stefanie A. Brand**, Director).

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**Alex Moreau**, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Gurbir S. Grewal**, Attorney General of New Jersey).

**TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:**

This Stipulation of Settlement addresses the petition filed by South Jersey Gas Company ("SJG" or the "Company") with the New Jersey Board of Public Utilities ("Board") on March 2, 2018 in Docket Nos. AX18010001 and GR18030230 for a change in rates, customer refund and rider associated with the Company's implementation of the Tax Cuts and Jobs Act of 2017 (the "Tax Act").

## BACKGROUND

1. On December 22, 2017, the President signed the Tax Act into law. In response thereto, on January 31, 2018, the Board issued a generic order regarding the Tax Act. *See, In the Matter of the New Jersey Board of Public Utilities' Consideration of the Tax Cuts and Jobs Act of 2017*, BPU Docket No. AX18010001 (Order dated January 31, 2018) (the "Generic TCJA Order"). To ensure that utility customers receive the appropriate rate reduction in tax expense, the Board directed the utilities to defer, with interest, the effects of the Tax Act on the books and records of each company effective January 1, 2018.

2. The most direct and significant impact of the Tax Act "is the reduction in the maximum corporate tax rate from thirty-five percent (35%) to twenty-one percent (21%) taking effect on January 1, 2018." Generic TCJA Order at 1. According to the Board, the Tax Act will provide savings to New Jersey public utilities and will result in an overcollection of tax revenue by public utilities that will not be paid in federal income taxes. Therefore, to ensure that ratepayers receive the appropriate benefit from the reduction in taxes collected in rates that will no longer be paid, the Board found that it was necessary for rates to be adjusted so that utility rates reflect the effective Federal corporate tax rate.

3. Pursuant to the Generic TCJA Order, each affected public utility was directed to file a petition no later than March 2, 2018, detailing the calculation of the impact resulting from the Act on (1) the utility's revenue requirement established and approved by the Board in setting rates, and (2) accumulated deferred income taxes and other factors.

4. The Generic TCJA Order further provided that:

The interest shall be calculated using the company's short term debt on the deferral related to the revenue requirement adjustment from the tax rate of 35% to the tax rate of 21%. Interest on the deferral related to the accumulated deferred income tax adjustment and other

rate factors shall be at the company's overall allowed weighted average cost of capital.

[Id. at 2.]

5. According to the Board, these adjustments will preserve the effect and ultimately pass the reduction in the revenue requirement on to ratepayers for expenses relating to taxes reflected in rates, but no longer owed.

6. The parties to the proceeding were further ordered to provide revised tariff sheets implementing rate changes effective April 1, 2018.

### PROCEDURAL HISTORY

7. On March 2, 2018, SJG filed a petition requesting Board approval to implement (1) a reduction in base rates of \$25.88 million effective April 1, 2018; (2) a corresponding estimated \$12.88 million refund to customers for the period January 1, 2018 through the date of the rate adjustment, including interest at the Company's short-term debt rate; and (3) a remeasurement and adjustment to rates related to its "Unprotected" excess deferred income taxes of approximately \$27.1 million.

8. On March 26, 2018, the Board issued an Order (the "March 2018 Order") approving the implementation of SJG's proposed rate reduction on an interim basis, effective April 1, 2018. The proposed refund and other rider tariffs were deferred until a later date.

9. By this Stipulation of Settlement, the Signatory Parties reached an agreement resolving all issues in the instant proceeding. Specifically, the Signatory Parties hereby STIPULATE AND AGREE to the following terms set forth below:

## STIPULATED TERMS

### A. Base Rate Adjustment

10. SJG shall implement the revised rates, reflected on Attachment A, effective October 1, 2018. The annual revenue requirement reduction has been allocated to each customer class utilizing the rate design and billing determinants approved in the Company's most recent base rate case in Docket No. GR17010071.

11. The Signatory Parties agree that SJG's revised Revenue Factor will be 1.51668 as a result of the Tax Act.

12. The rates shown on Attachment A reflect an annual revenue requirement reduction of \$25.88 million. The impact of the rate reduction to a residential heat customer using 1,000 therms annually is a decrease of \$74.02 or 5.2%, from a March 1, 2018 bill.

### B. Refund to Customers

13. SJG shall refund the January 1, 2018 through September 30, 2018 overcollection, including interest accrued at the Company's short-term debt rate, based on the actual customer usage during the corresponding period. The Company will apply the refund to customer accounts effective October 1, 2018, based on the Company's actual customer count and usage data through September 2018.

14. The total rate refund is estimated to be approximately \$13.9 million, excluding SUT, as reflected on Attachment B. This amount would result in an estimated one-time refund of \$28.63 for a residential heat customer using 525 therms during this period.

15. The Company shall file a report with the Parties and the Board detailing the refund required by this Stipulation within thirty (30) days of the completion of its issuance.

## C. Excess Deferred Income Tax

### Protected Balances

16. The Company's "Protected" excess deferred income tax balance as of December 31, 2017 is estimated to be approximately \$164.3 million (pre-gross up).

17. The "Protected" excess deferred income tax balance is properly reclassified as a regulatory liability on SJG's books. The reclassification has no effect on rate base for purposes of this filing and any changes will be reflected in future rate cases.

18. This regulatory liability is subject to the Internal Revenue Service ("IRS") normalization rules and will be amortized and returned to ratepayers over a period determined utilizing the Average Rate Assumption Method ("ARAM"). The Company anticipates the ARAM calculation will be completed by March 31, 2019. The estimated amortization period is approximately seventy (70) years.

19. The existing Docket in this matter shall remain open until the Company submits a filing to begin amortizing the "Protected" excess deferred income tax balance over the amortization period determined by the ARAM calculation, no later than March 31, 2019. That filing will also address the final balance of the Company's "unprotected" EDIT, including whether the approximately \$7.1 million for certain COR related EDIT should be categorized as unprotected.

### Unprotected Balances

20. The Company's "Unprotected" excess deferred income tax balance as of December 31, 2018 is approximately \$27.5 million. This balance is properly reclassified as a regulatory liability on SJG's books. This regulatory liability will be amortized and returned to

customers over a five (5) year period through the creation of Rider "H", effective October 1, 2018, with interest at the Company's short-term debt rate.

21. SJG shall implement the initial credit rate of \$0.013043 including taxes, reflected on Attachment C. This rate will result in a decrease of \$13.04 or 0.9% to a residential heat customer using 1,000 therms annually.

**D. Other Clauses**

22. The impact of the Tax Act on the Company's other rate clauses, including the deferred balances associated with those clauses, will be captured in SJG's periodic filings, as soon as reasonably possible.

23. The Signatory Parties agree that any change in the amounts described above, including rates and refunds, will be addressed in the Company's next base rate case that is required to be filed no later than November 2020.

**FURTHER PROVISIONS**

24. The Signatory Parties agree that this Stipulation fully disposes of all issues in controversy in this proceeding. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order(s), then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

25. The Signatory Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

26. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, the Signatory Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein and, in total or by specific item. The Signatory Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation. All rates are subject to audit by the Board.

27. The Signatory Parties further acknowledge that a Board Order approving this Stipulation shall become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

28. Following acceptance of this Stipulation by the Board, SJG will submit a Compliance Filing incorporating the final rates approved by the Board within ten (10) days of such approval.

**WHEREFORE**, the Signatory Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof.

SOUTH JERSEY GAS COMPANY

By:

  
Stacy A. Mitchell, Esq.  
Vice President, Rates & Regulatory Affairs

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of Public Utilities

By:

\_\_\_\_\_  
Alex Moreau  
Deputy Attorney General

STEFANIE A. BRAND  
DIRECTOR, DIVISION OF RATE COUNSEL

By:

\_\_\_\_\_  
Henry M. Ogden, Esq.  
Assistant Deputy Rate Counsel

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Dated: September 10, 2018

SOUTH JERSEY GAS COMPANY

By:

  
Stacy A. Mitchell, Esq.  
Vice President, Rates & Regulatory Affairs

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Dated: September 10, 2018

SOUTH JERSEY GAS COMPANY

By:

  
Stacy A. Mitchell, Esq.  
Vice President, Rates & Regulatory Affairs

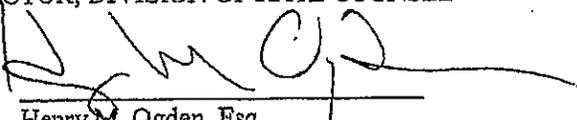
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Dated: September 10, 2018

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Page 1 of 2

South Jersey Gas Company  
Base and Total Revenues at Present and Proposed Rates  
Docket No. GR18030230 Tax Act Filing

Component	Amount	Units	Present Rates		Proposed Rates		
			Rate	Revenue	Rate	Revenue	Increase
<b>Residential Service</b>							
			RSG		RSG		
Customer Charge	4,280,934	Bills	\$ 10.00	\$ 42,809,340	\$ 9.50	\$ 40,658,873	
Distribution Charge	253,181,413	Therms	0.567621	176,824,670	0.634205	160,588,918	
CIP Revenues							
<b>Total Base Revenues</b>				<b>\$ 219,434,010</b>		<b>\$ 201,237,791</b>	<b>-8.3%</b>
<b>General Service (0-100,000 Annual Therms)</b>							
			GSG		GSG		
Customer Charge	289,071	Bills	\$ 31.76	\$ 9,495,504	\$ 29.87	\$ 8,063,158	
Distribution Charge	89,582,097	Therms	0.582836	52,193,755	0.531475	47,810,645	
CIP Revenues							
<b>Total Base Revenues</b>				<b>\$ 61,689,259</b>		<b>\$ 56,873,803</b>	<b>-8.3%</b>
<b>General Service Large Volume (100,000 + Annual Therms)</b>							
			GSG-LV		GSG-LV		
Customer Charge	2,170	Bills	\$ 150.00	\$ 325,500	\$ 150.00	\$ 325,500	
Demand Charge	212,776	Mcf	10.5000	2,234,148	9.6086	2,044,479	
Distribution Charge	32,241,055	Therms	0.289580	9,336,364.82	0.264866	8,539,559	
CIP Revenues							
<b>Total Base Revenues</b>				<b>\$ 11,896,013</b>		<b>\$ 10,909,539</b>	<b>-8.3%</b>
<b>Comprehensive Firm Transportation Service</b>							
			CTS		CTS		
Customer Charge	556	Bills	\$ 600.00	\$ 333,000	\$ 600.00	\$ 333,000	
Demand Charge	133,720	Mcf	31.0000	4,145,320	28.6555	3,831,813	
Distribution Charge	27,893,657	Therms	0.064822	1,808,447	0.057373	1,600,630	
<b>Total Base Revenues</b>				<b>\$ 6,286,767</b>		<b>\$ 5,765,443</b>	<b>-8.3%</b>
<b>Large Volume Service</b>							
			LVS		LVS		
Customer Charge	313	Bills	\$ 900.00	\$ 281,700	\$ 900.00	\$ 281,700	
Demand Charge	349,950	Mcf	16.0000	5,599,100	15.9568	5,584,762	
Distribution Charge	79,591,210	Therms	0.046246	3,680,696	0.044529	3,544,117	
<b>Total Base Revenues</b>				<b>\$ 10,261,496</b>		<b>\$ 9,410,589</b>	<b>-8.3%</b>
<b>Electric Generation Service</b>							
			EGS		EGS		
Customer Charge	108	Bills	\$ 76.00	\$ 8,100	\$ 63.38	\$ 6,845	
Demand Charge	8,392	Mcf	8.250	69,234	7.8432	65,820	
Distribution Charge (Nov - Mar)	559,843	Therms	0.137433	76,955	0.126200	70,665	
Distribution Charge (Apr - Oct)	789,736	Therms	0.107433	84,844	0.096200	75,873	
<b>Total Base Revenues</b>				<b>\$ 239,132</b>		<b>\$ 219,303</b>	<b>-8.3%</b>

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Page 2 of 2

South Jersey Gas Company  
Base and Total Revenues at Present and Proposed Rates  
Docket No. GR18030230 Tax Act Filing

Component	Amount	Units	Present Rates		Proposed Rates		
			Rate	Revenue	Rate	Revenue	Increase
<b>Electric Generation Service - Large Volume</b>							
<b>EGS-LV</b>							
Customer Charge	84	Bills	\$ 900.00	75,600	\$ 428.32	\$ 35,979	
Demand Charge	46,200	Mcf	23.160088	1,048,838	21.977448	993,381	
<b>Total Base Revenues</b>				\$ 1,122,438		\$ 1,029,360	-8.3%

<b>Natural Gas Vehicle Service</b>							
<b>NGV</b>							
Cust. Charge 0-999 CFH	12	Bills	\$ 37.50	\$ 450	\$ 37.50	\$ 450	
Cust. Charge 1,000-4,999 CFH	-	Bills	75.00	-	75.00	-	
Cust. Charge 5,000-24,999 CFH	12	Bills	200.00	2,400	200.00	2,400	
Cust. Charge 25,000+ CFH	96	Bills	900.00	86,400	703.47	67,533	
Distribution Charge	2,255,851	Therms	0.212421	479,180	0.184572	416,387	
Subtotal Distribution				\$ 568,440		\$ 486,750	
Compression Charge	983,046	Therms	0.560000	550,506	0.548712	539,409	
<b>Total Base Revenues</b>				\$ 1,118,946		\$ 1,028,189	-8.3%

<b>Gas Lights Service</b>							
<b>GLS</b>							
Yard Lights	48	Mantles	\$ 9.113191	\$ 5,240	\$ 8,357,493	\$ 4,814	
Street Lights	36	Mantles	\$ 9.824155	4,244	\$ 9,009,501	3,892	
<b>Total Base Revenues</b>				\$ 9,493		\$ 8,706	-8.3%

<b>TOTAL SYSTEM BASE DISTRIBUTION REVENUES</b>			\$ 312,057,652		\$ 286,180,702		-8.3%
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Increase  
Target  
Difference

Increase \$ (25,876,850)  
Target (25,876,920)  
Difference \$70

## ATTACHMENT B

South Jersey Gas Company  
Tax Reform - Refund  
January 1, 2018 Through September 30, 2018

Line No.	Rate Class	Description	Excess Tax Collected
1			
2	RH	Residential Heat	\$ 9,848,220
3	RNH	Residential Non-Heat	\$ 125,420
4	GSG	General Service	\$ 2,725,688
5	GSG-LV	General Service - Large Volume	\$ 323,137
6	CTS	Comprehensive Transportation Service	\$ 154,951
7	LVS	Firm Transportation - Large Volume	\$ 383,206
8	EGS	Electric Generation	\$ 7,252
9	EGS-LV	Electric Generation - Large Volume	\$ 60,026
10	NGV	Natural Gas Vehicle	\$ 26,311
11	GLS	Gas Light Service	\$ 2,313
12			
13		<b>Proposed Credit of Over-Collected Tax (Before Interest, Excluding SUT)</b>	<b>\$ 13,656,526</b>
14			
15		<b>Plus: Total Interest (January - September 2018)</b>	<b>\$ 197,687</b>
16			
17		<b>Proposed Credit of Over-Collected Tax Including Interest (Excluding SUT)</b>	<b>\$ 13,854,213</b>
18			
19			

**Note:**

Excess Tax Collected, which is based on actual usage from January through July 2018 and projected usage for August & September 2018, is the calculated difference between the then present and the currently proposed rates per class, excluding SUT.

## Attachment C

**South Jersey Gas Company  
Tax Act Rider - Unprotected Excess DFIT  
Year 1 Rate Calculation**

Line No.		Year 1 Oct 18 - Sept 19
1		
2		
3		
4	Unprotected Excess DFIT Amortization	(\$5,503,708)
5		
6	Projected Carrying Costs*	(\$1,085,513)
7		
8	Beginning Over/Under Balance	\$0
9		
10	Total Refund	<u>(\$6,589,221)</u>
11		
12	Therm Sales Projection	540,009,890
13		
14	Rate Per Therm, Excluding SUT & PUA	\$ (0.012202)
15		
16	Rate Per Therm, Including SUT & PUA	\$ (0.013043)

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*\*Includes interest beginning January 2018 at the Short-term Debt Rate*